

***United States Court of Appeals
for the Second Circuit***



**APPELLEE'S
PETITION FOR
REHEARING
EN BANC**

74-1559

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

VANITY FAIR MILLS INC., :

Plaintiff-Appellant, :

- against - :

OLGA COMPANY (INC.), :

Defendant-Appellee. :

Docket No. B

74-1559

PETITION FOR REHEARING OR IN THE
ALTERNATIVE REHEARING EN BANC

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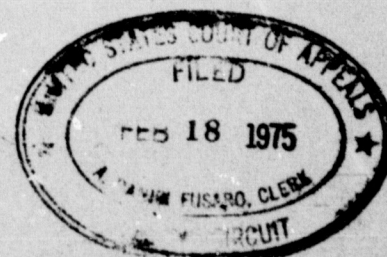


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This petition is submitted by Olga Company ("Olga") to raise certain fundamental issues of patent law as to the appropriate scope of review of the Appellate Courts and the appropriate standard upon which patentability should be based. This petition is also submitted to raise before this Court certain evidence and findings presented to and found by the court below which this Court may have overlooked or misapprehended.

QUESTIONS PRESENTED

1. Did the Court misinterpret its function as to its scope of review when it made no findings that the District Court's findings were "clearly erroneous"?
2. Did the Court apply the wrong standard of patentability in concluding the patents in suit were invalid?

STATEMENT OF RELEVANT FACTS

The District Court, after hearing the various witnesses and actually viewing live demonstrations of the various garments on the body of a model, rendered its opinion as to its findings of fact and conclusions of law on January 8, 1974 holding certain claims of the Olga patents in suit valid and infringed. During the appeal, Vanity Fair did not take issue with any particular finding of fact made by the District Court, but sought reversal of the ultimate conclusion that the Olga patents in suite were valid. This Court, on February 4, 1975, rendered its opinion reversing the District Court's opinion. Without holding any of the District Court's findings of fact "clearly erroneous" this Court made certain factual findings and then reversed the ultimate conclusion of patent validity apparently based thereon. To assist this Court in its review, Olga has, in chart form below, contrasted some of the more important differences between the findings of the District Court's opinion with this Court's opinion:

This Court's Opinion

"A comparison of this garment [Rosenthal] with Olga Company's '301' brief reveals that in the latter, the panel, which in the Rosenthal design ran inside the torso-encircling member and down under the crotch, was shifted to the outside of the torso-encircling body and attached to the waistband and part way down the girdle member in the front at the outer edges of the crotch piece and at the edge of the girdle member in the back."

District Court's Opinion

"I cannot agree that the Olga garment involved an obvious rearrangement of the elements of Rosenthal. The differences between the two garments are far more fundamental than simply a change in position of a panel. It is true that the Rosenthal garment contains a kind of panel running downward inside of the girdle member, whereas the Olga garment has a panel running downward outside the girdle member. But the overall result reached in the Olga garment is utterly different from the result in the Rosenthal garment."

"[I]n this case the 1956 Rosenthal patent far from discouraging such a solution suggests to one skilled in the art that the correction of prior crotch and leg discomfort problems lay in independently functioning panels placed on the outside rather than on the inside of the torso-encircling member."

"The relationship between the downward panel and the girdle member in Rosenthal does not in any way create the type of flexible leg openings involved in the Olga patents, nor are such flexible leg openings even suggested by the Rosenthal design. The degree and type of stomach control are radically different in the two garments."

ARGUMENT

I

THE COURT MISINTERPRETED ITS FUNCTION AS TO SCOPE OF REVIEW

While the Ultimate Question of Obviousness
Is One of Law, It Must Be Determined
Against Factual Findings

The Supreme Court, in Graham v. John Deere Co., 383 U.S. 1 (1966) held that while the ultimate question of patent validity is one of law, it is to be determined in light of essentially three factual inquiries:

"While the ultimate question of patent validity is one of law, ... the §103 condition, which is but one of three conditions, each of which must be satisfied, lends itself to several basic factual inquiries. Under §103, the [1] scope and content of the prior art are to be determined, [2] differences between the prior art and the claims at issue are to be ascertained; and the [3] level of skill in the pertinent art resolved. Against this background, the obviousness or nonobviousness of the subject matter is to be determined. Such secondary consideration as commercial success, long felt but unresolved needs, failure of others, etc., might be utilized to give light to the circumstances surrounding the original of the subject matter sought to be patented." 383 U.S. at 17-18. (Brackets added.)

The Court Substituted Its Own Findings,
Without Holding the District Court's
Findings "Clearly Erroneous"

The critical inquiries here are the "scope and content" of the Rosenthal patent and the "level of skill in the pertinent art." Olga submits that the Court ignored the District Court's findings, without first holding that such findings were "clearly erroneous."

"Of course we are mindful that we may not upset a district judge's findings of fact 'unless [the findings are] clearly erroneous.' Fed. R.Civ. P. 52(a). ...

As will be demonstrated, we believe that the trial court failed adequately to resolve the factual inquiries required by Graham, quoted supra, in particular, the scope and content of the prior art and 'the level of ordinary skill in the pertinent art' by ignoring an abundance of unchallenged incontroverted evidence in the record which tends to demonstrate that Shaw's patent was not obvious.' Shaw v. E.B. & A. C. Whiting Co., 417 F.2d 1097, 1103 (2 Cir. 1969)."

- A. The District Court Found That the Scope and Content of Rosenthal Neither Created the Type of Leg Openings of the Patents In Suit, Nor Suggested Them. This Court Found Rosenthal Suggested Them.

The District Court found that

"The relationship between the downward panel and the girdle members in Rosenthal does not in any way create the type of flexible leg openings involved in the Olga patents, nor are such flexible leg openings even suggested by the Rosenthal design." Appendix 37a.

This finding was based on substantial evidence introduced during the trial. Most importantly the District Judge had the opportunity to observe the Rosenthal garment functioning on a live model. Appendix 296a. The District Judge himself commented on the "riding up" disadvantage of the Rosenthal garment as follows:

"The Court: We saw that. I think we have had enough on riding up. I can see it with my own eyes." Appendix 167a.

"The Court: We have already been through this with your own witness. And he said it [Rosenthal] isn't satisfactory. ..." Appendix 296a.

Mrs. Erteszek, the inventor, testified that the lower portion of the front of Rosenthal, which this Court apparently concludes suggests the Olga leg openings, was a "dead fabric" which has no function.

"The Witness: I believe that there is a piece of dead fabric in the front which does not do anybody any good. To the contrary, it certainly couldn't be worn under any form fitting garment because it would create a wrinkle." Appendix 296a.

Maidenform, in its advertisements of the Rosenthal garment, described the function of what Mrs. Erteszek called the "dead fabric" as a means of obtaining a "smooth line".

"The new, different 'apron' construction makes for a wonderfully smooth line." Exhibit Volume, E93.
(Emphasis theirs.)

Mr. Lands, Vanity Fair's merchandise manager, summed up the net contribution of the Rosenthal garment as follows:

"If I were designing the garment, I wouldn't put it like this, no sir." Appendix 157a.

The District Court summed up its findings on Rosenthal as follows:

"But this garment (illustrated in Figure 2) required garters and was not a brief in the true sense of the word. It was not commercially successful." Appendix 22a.

Contrary to this evidence, this Court has found that Rosenthal suggests the leg openings of the Olga patents. The Court, Olga submits, misinterpreted the scope and content of Rosenthal, since there was no evidence introduced at the trial to

show that the bringing together of these elements in the manner of the Olga patents was obvious.

"Further, the burden is on the appellee to show facts that would lead to the conclusion that appellant's product was obvious. The mere recital of the known elements in the art does not, without more, invalidate the patent under Section 103. There must appear evidence that the bringing together of these elements would have been obvious. Doubt as to validity, no matter how strong, cannot justify resort to unfounded assumptions or supply deficiencies in the factual background." Shaw, supra, 417 F.2d at 1104-1105. (Emphasis theirs.)

B. Contrary to This Court's Finding,
Rosenthal Had Known Disadvantages

This Court distinguished the District Court's reliance on Adams and Shaw because of its finding that Rosenthal suggested the independently functioning panels. The District Court, however, found that Rosenthal suffered from the same disadvantages, if not many more, as the other prior art.

The District Court in discussing the disadvantages of certain girdles, stated:

"However, it has at least one disadvantage - the need for garters to prevent it from 'riding up' as the wearer changes position. This problem presents difficulties in connection with short skirts, pants and certain athletic costumes. Hence the resort to panty girdles and briefs." Appendix 20a.

The District Court found that Rosenthal suffered from this same disadvantage.

"But this garment [Rosenthal ... required garters and was not a brief in the true sense of the word." Appendix 22a.

This garment also suffered from the fact that the garment's girdle portion contains leg openings cut so high into the girdle portion (in an apparent attempt to reduce leg constriction to a more comfortable level) as to render the garment substantially non torso-

encircling except in a narrow band immediately below the wearer's waist and down to the upper part of the hips, and thus incapable of functioning as an effective girdle. This can be seen by drawing a straight horizontal line across the drawings of Figs. 1 and 2 of the Rosenthal patent (Exhibit Volume E67) through the upper points of the leg openings where they join the hip. That line, in Fig. 1, passes across the lower points where the inner panel is stitched to the body portion. Vanity Fair's witness Lands, agreed with the Court's inquiry that the Rosenthal girdle effect was only in this limited area. Appendix 149a.

Olga submits that the District Court's reliance on these known disadvantages in invoking the holding of Adams and Shaw was not error.

C. Rosenthal Followed the Prior Art In
Attempting To Avoid the Known Leg
Discomfiture Problem By Cutting the
Legs Quite High

Olga submits that prior to her invention the ordinary skilled worker in this art believed that in a brief construction, the leg circumference had to be "cut high" and encircled with a freer band of elastic than the remainder of the garment in order to avoid the leg discomfort problem. Thus the District Court found that Gossard, one of the leading girdle manufacturing concerns in this country, resorted to this type of construction to avoid the problem.

"In the Gossard brief the leg was cut quite high and around the leg opening there was sewn a rather wide strip of elastic of a much softer quality - having less 'kick' - than the elastic material in the body of the garment."

The Rosenthal garment resorted to this same construction in an apparent attempt to avoid the same problem.

"It will be seen that the garment is so cut as to have curved and gathered leg-receiving portions at 4. ..." Rosenthal Patent, Col. 1, line 22-23. Exhibit Volume E68. (Emphasis ours.)

The curved legs are, as shown in Figure 1 of the patent, cut quite high and, in addition, the gathering of the material throughout the encirclement of the legs is the full equivalent of Gossard's "softer quality" fabric.

Vanity Fair, in its own prior model 40-6 advertised it as follows:

"Curved-away shaping at front of leg gives freedom and comfort...." Opinion. Appendix 33a.

Despite these attempts by three of the largest manufacturers of girdles in this country to avoid the problems of constructing a satisfactory brief by "curved-away shaping" the industry still failed to solve the problem.

"Although he was naturally reluctant to admit any lack of success in a Vanity Fair product, the evidence is quite convincing that the model 40-6 and other similar Vanity Fair briefs had problems. For instance, Mr. Lands testified in his deposition that the 40-6 did not really succeed. It did not have sufficient abdomen control. He also indicated in his deposition that 'one of the biggest negatives' in Vanity Fair briefs was leg binding." Opinion. Appendix 33a.

Contrary to this belief which is shown by the evidence to have prevailed in this art, Mrs. Erteszek wrapped her torso-encircling member not only around the high hip area, but around the derriere and the upper thighs in front. Compare Figure 2 and Figure 3 of the Opinion. Appendix 22a, 24a. The prior art

sought to avoid the problem. Mrs. Erteszek faced it squarely and achieved the first truly functional brief in over twenty years of searching.

The Court's Finding That A Skilled Designer Could Arrive At the Same Results Is Contrary to the Evidence

As set forth above, the evidence shows that the skilled worker in this art believed that the legs had to be cut high and have soft fabrics to avoid the leg discomfiture problem. Even more cogent evidence, however, is the failure of the leading manufacturers in this industry, who clearly were aware of the need and proposed various solutions, in over twenty years of attempts to propose the solution which Mrs. Erteszek achieved. Presumably, the attempts were made not by "ordinary skilled workers" but by the best in the business.

Olga therefore submits that the findings of the lower court and the weight of the evidence overwhelmingly establishes that the best talent applied itself to the problem and failed. Against this evidence, this Court, sitting in judgment based on a cold record, not having benefit of seeing the garments on live models and receiving the explanations of the experts, has substituted its own judgment without any evidence to point to, for that of the court below. This Court's judgment, Olga submits, is contrary to the evidence.

II

THE COURT RELIED UPON THE WRONG
STANDARD OF PATENTABILITY

The "Inventive Genius" Test of
Cuno Was Abolished By the 1952
Patent Act

This Court, in reversing the District Court, held that:

"Neither change made by Mrs. Erteszek, however, either singly or in combination, qualifies as the product of 'inventive genius.'" Cuno Corp. v. Automatic Devices Corp., supra, 314 U.S. at 19.

The Supreme Court, in Graham, however, held that the Congress abolished the Cuno test in the 1952 Patent Act:

"It also seems apparent that Congress intended by the last sentence of §103 to abolish the test it believed this Court announced in the controversial phrase 'flash of creative genius', used in Cuno Corp. v. Automatic Devices Corp., 314 U.S. 84 (1941)." 383 U.S. at 15.

The Standard for Patentability Is
Obviousness Based on Factual In-
quiries and Is Not Merely Limited
To Differences Between the Patents
in Suit and the Prior Art

This Court, in reversing the District Court, stated its standard of patentability as follows:

"[O]nce it is established by prior art references that the difference between the patents in suit and the prior art is not substantial enough to be termed 'invention', the patent cannot be sustained."

This is not the standard which the 1952 Patent Act and the Supreme Court's opinion in Graham requires. The differences between the prior art and the patents in suit are but one of the factual inquiries upon which the obviousness of the invention

is to be measured. There are certainly numerous situations in which the differences, absent explanation, are quite small, e.g., Shaw, yet the teachings of the art point away, rather than toward these small differences.

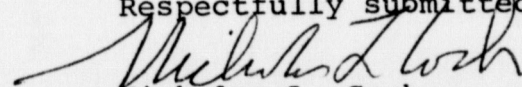
Olga suggests that this Court has only superficially viewed the drawings of the prior art patents, and submits that once it focuses its attention to the truly functional differences and different directions taught by the prior art, it will, on reconsideration of the total factual inquiry, uphold the validity of the patents in suit.

CONCLUSION

For the reasons set forth, the Court should grant this Petition for Rehearing or, in the alternative, grant a Rehearing En Banc to consider the important issues raised with respect to this Court's power to review the proceedings below in a patent case.

Dated: February 18, 1975
New York, New York

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